“AN EMPIRICAL STUDY OF SMALL SCALE ENTREPRENEURS IN SOLAPUR DISTRICT”

ABSTRACT

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1.1 Introduction-

Entrepreneur plays a pivotal role in the economic development of any country. Entrepreneurs are considered to be the most important economic agents for economic augmentation of any country. They act as owners, producers, coordinators, market makers, decision makers, risk takers and innovators. They provide an important allocation of resources for the best interest of their enterprises as well as the country. They are the economic pioneers initiating changes in the country/economic. They strive to increase productivity and improve the quality production techniques, better plant layout and effective marketing policies. The ensure production of better quality of goods & services at lowest cost. They generate employment opportunities and arrange for the betterment of the standard of living. The entrepreneur are the dynamic persons for innovation and gap filling (for market deficiencies) for economic development.

The word ‘entrepreneur’ is derived from the French verb entreprendre. It means to undertake. Around 17th A. D. the term was used for architects and contractors of public work. In many countries, the entrepreneur is often associated with a person who starts his own new and small business. Business encompasses manufacturing, transport, trade and all other self-employed vacations in the service sector. But not every new small business is entrepreneurial or entrepreneurship.

Small sector has now emerged as a dynamic and vibrant sector for the Indian economy in the recent years. Therefore, it is in logical order that we should know the major aspects of this vibrant sector in the national economy. The term small enterprises popularly called ‘Small Scale Industries (SSIs)’ in our country. To promote small-scale industries in the country, the Government of India set up the central small-scale Industries Organization and the Small-scale Industries Board (SSIB) in 1954-55. They defined small-scale industry if using power, and less than 100 employees without the use of power and with a capital asset not exceeding Rs. 5 lakhs.

According to the Industrial Policy Resolution 1956. “Small-Scale enterprises provide immediate large-scale employment, they offer a method of ensuring a more equitable distribution of national income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization
tends to create will be avoided by the establishment of small centers of industrial production all over the country.”

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act 2006, these enterprises are classified into two classes.

a) Manufacturing Enterprises – The enterprises engaged in the production of goods pertaining to any industry specified in the first schedule to the Industries Development Regulation Act 1951. The manufacturing Enterprise is defined in terms of investment in Plant and Machinery.

b) Service Enterprise – The enterprise engaged in rendering service and defined in terms of investment in equipment.

Enterprises engaged in the manufacture or production, processing or preservation of goods are specified as follows.

i) A Micro Enterprise – is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh. (by the Ministry of small scale Industries notification No. S. O. 1722 (E) dated October 5, 2006).

ii) A Small Enterprise – is an enterprise where the investment in plant and machinery is Rs. 25 lakhs but does not exceed Rs. 5 Crore.

iii) A Medium enterprise is an enterprise where investment in plant and machinery is more than Rs. 5 crore, but does not exceed Rs. 10 crore.

The important industries reserved for exclusive development in the small scale sector are:

Food and Allied Industries; Textile Products; Leather and Leather Products including Footwears; Rubber Products; Plastic Products; Chemical and Chemical Products; Natural Essential Oils; Organic Chemicals and Chemical Products; Glass and Ceramics; mechanical Engineering Transport Equipment; Metal Cabinets of all Types; Pressure Stove; Electrical Appliances; Electronic Equipments and Components; Boats and Truck Body Buildings; Auto Parts Components; Ancillary and Garage Equipment; Bicycle Parts, Trycycles and Perambulators; Sports Goods; Stationary items, Clocks and watches etc.

1.2 Background of Solapur District:

The Solapur District is one of the district of Maharashtra State. Both in the terms of area and population it is important. The total population of Solapur district is 43,15,527 according to 2011 census. Within the area under study Karmala is the largest taluka and the North Solapur
taluka is the smallest in the area wise. The district consist of eleven talukas. The area under study ranks fourth in terms of area and seventh in terms of population within Maharashtra.

1.3 Business Performance of Small Scale Entrepreneurs in Solapur District:

Solapur District has a history of large industrial units even before independence of India. Textile units were present in the district before the period of British empire as stated in gazetteer of the district (1971). The district has better development of industries compared to Beed and Osmanabad district, the neighboring district of Solapur. Solapur district does not have mineral resources or forest resource. However, textile units and agro based industries have been developed in the district.

Maharashtra Industrial Development Corporation was established in 1962 in the state. At present there are five MIDC areas in Solapur district namely North Solapur, Tembhurni, Kurdawadi, Mangalwedha, Mohol. In addition, there are 9 cooperative industrial estates at Solapur, Barshi, Akluj, Mangalwedha, Karmala, Mohol, Sangola and Akkalkot. But there are no separate industrial estate areas in Pandharpur and South Solapur. Apart from these units, there are 20 Sugar factories, 410 oil mills and processing units of agro based industries.

1.4 Objectives of the Present Study

1) To find out dispersal of industries to all over small town and villages which are economically lagging in Solapur District.

2) To study large scale employment opportunities created by Small Scale Entrepreneurs.

3) To examine the Government policy for the development of small scale enterprises.

4) To study the various problems of entrepreneurs in the small scale business in Solapur District.
1.5 Hypothesis

2. The total project investment and age of Entrepreneurs are closely associated.

3. The relationship between educational qualification of entrepreneurs and their project investment is significant.

1.6 Research Methodology –

A) Area of study: The study is confined to Small Scale Entrepreneurs in Solapur district only.

B) Period of study: The reference period of the present study is of 5 years i.e. from 2007-08 to 2011-12 except Questionnaire. The questionnaire were filled with present information given by the respondents.

C) Selection of Sample: At present there are 274 Small Scale Enterprises in Solapur district. For the present study 10% selected by stratified random sampling on the basis of size of investment in the project, age of the entrepreneur and education, from each Taluka. In total 30 Small Scale units and 200 consumers have been selected for present study. The numbers of Small Scale enterprises are given in table 1.
Table - 1

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of Talukas</th>
<th>Small Scale Industries</th>
<th>Sample 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pandharpur</td>
<td>09</td>
<td>01</td>
</tr>
<tr>
<td>2</td>
<td>Akkalkot</td>
<td>05</td>
<td>01</td>
</tr>
<tr>
<td>3</td>
<td>Barshi</td>
<td>23</td>
<td>02</td>
</tr>
<tr>
<td>4</td>
<td>Mohol</td>
<td>58</td>
<td>06</td>
</tr>
<tr>
<td>5</td>
<td>Malshiras</td>
<td>07</td>
<td>01</td>
</tr>
<tr>
<td>6</td>
<td>Mangalwedha</td>
<td>03</td>
<td>01</td>
</tr>
<tr>
<td>7</td>
<td>Madha</td>
<td>16</td>
<td>02</td>
</tr>
<tr>
<td>8</td>
<td>Karmala</td>
<td>06</td>
<td>01</td>
</tr>
<tr>
<td>9</td>
<td>Sangola</td>
<td>07</td>
<td>01</td>
</tr>
<tr>
<td>10</td>
<td>South Solapur</td>
<td>30</td>
<td>03</td>
</tr>
<tr>
<td>11</td>
<td>North Solapur</td>
<td>110</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>274</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: D.I.C. Register, Solapur.

A) **Source of Data:** Both Primary and Secondary data have been used for present research work.

i) **Primary Data:** Primary data has collected thought questionnaire, discussion with officials, and observations. Questionnaire contented questions regarding their liking for that particular business, location, knowledge regarding market, finance, geographical area, required experience, gender of entrepreneur, profit earning, exports etc.

ii) **Secondary Data:** Secondary data have been collected by the officials of District Industries Center, Solapur under Pune region, District Statistical Office Solapur and through Internet.
1.7 Analysis and Interpretation

The collected data has processed with SPSS and various simple statistical tools and techniques i.e. simple average, ratio analysis and Chi-square.

1.8 Limitation of the Study –

- Industrial Limitation – Only small scale manufacturing enterprises.
- Geographical Limitation – The study is limited to Solapur District only.
- Periodical Limitation – The reference period of present study is of 5 years i.e. 2007-08 to 2011-12 except questionnaire. The questionnaire were filled with present information given by the respondents.

1.9 Scheme of Chapter

1.9.1 Chapter I- Introduction

Entrepreneurs are considered to be the most important economic agents for economic augmentation of any country. They act as owners, producers, coordinators, market makers, decision makers, risk takers and innovators. They provide an important allocation of resources for the best interest of their enterprises as well as the country. They are the economic pioneers initiating changes in the country/economic. They strive to increase productivity and improve the quality production techniques, better plant layout and effective marketing policies. The ensure production of better quality of goods & services at lowest cost. They generate employment of the standard of living. The entrepreneur are the dynamic persons for innovation and gap filling (for market deficiencies) for economic development. The word entrepreneurship is derived from 17th century French ‘entreprendre’, refers to individuals who were ‘undertakers’ or ‘undertook’ the risk of new enterprise. They were Tax contractors’ who bore risks of loss or profit while collecting individual taxes. According to Joseph Schumpeter 1939, “Entrepreneurship is based on purposeful and systematic innovation. It includes not only the independent businessman but also company directors and managers who actually carry out innovative functions.”

**Innovation** i.e. doing something a new or something different is a necessary condition to be called a person as an entrepreneur.

**Risk- Bearing** Starting a new enterprise always involves risk and trying for doing something new and different is also risky.
1.9.2 Chapter II: Review of Literature And Research Methodology - Chapter II contains all previous studies related to present topic. The purpose of this chapter is to review the literature on small scale entrepreneurs which will provide a theoretical background of relevant study. Subsequently, it also illustrates the development and research done in the Global scenario as well as Indian scenario too.

Different reviews show that in India and in Global Scenario research were conducted on entrepreneurship development. But studies were not conducted on small scale entrepreneurs in Solapur district by using this variable. Thus, the present study is different from other previous studies.

On the Global scenario it is seen that Entrepreneurship and Business Innovation education from a small to medium enterprise prospective, has gained prominence in Australia. Even in Russia the Socio-economic transformation has been widely seen due to the robust development in small and medium size enterprises. In Indonesia approximately 99 percent of the enterprises operate in small scale sector, absorbing 88.66 percent of the work force. More than 28,000 small and medium scale enterprises operate in the republic of Mordovia. The dynamic development of small enterprises is mainly provided by implementation of the development and state support programme of this sector of economy. The average small enterprise is often struggling for survival in a hostile environment, lessons learnt in Africa show that the policy framework may times to the disadvantage of the small entrepreneur.

On Indian Scenario it is seen that, it is more difficult for women to start and be in business due to lack of opportunities to develop business skills, granting of business credit, domestic responsibilities that make them to have a feel of conflict between their roles. Entrepreneurial attitude is very important for an individual to think positive or negative intention towards any new venture, new unforeseen situation and the techniques they use to overcome stressful and reach the target. Four personality traits are considered to be very important for successful entrepreneurs i.e. Achievement, Innovation, Self Esteem and Personal Control.

1.9.3 Chapter III: Socio-Economic profile of Solapur - It is very necessary to understand different backgrounds of the study area, since these backgrounds have a great bearing upon each other and one influences the other to greater extent. These background of the study area such as
physical, social-economic, historical and political influences the scenario of the concerned area. The Solapur District is one of the district of Maharashtra State. Both in the terms of area and population it is important. The total population of Solapur district is 43,15,527 according to 2011 census. Within the area under study Karmala is the largest taluka and the North Solapur taluka is the smallest in the area wise. The district consist of eleven talukas. The area under study ranks fourth in terms of area and seventh in terms of population within Maharashtra.

Among the various elements of climate, the temperature is the most important element; it has the great impact on agricultural activities as well as on biotech system of Solapur. Temperature varies from place to place due to physical constraints as well as geographical location in terms of latitude, Solapur, the region under study belong to the tropical area, which receive the maximum amount of temperature throughout the year. Solapur is a great and convenient trade centre for the neighboring Hyderabad and Karnataka areas and it has subsequently become an industrial centre too. As Solapur was often affected by famine, labour was cheap; water facilities for mills were available and raw cotton could be available in large quantities from Hyderabad and Solapur weavers were skilled in their profession. Hence, Solapur was described as a great milling community, upon an old Indian town.

1.9.4 Chapter IV :Government Policies and Schemes for Small Scale Enterprises - The Industrial Policy of 1948 emphasized the role of cottage and small scale industries in economic development because these industries make use of local resources and provide larger employment opportunities. Even this policy laid down foundation of a mixed economy where in the public sector and the private sector co-exists and works in their democrated areas.

The Industrial Policy Resolution April 30, 1956 was also regarded as “Economic Constitution of India”. This policy emphasized on improving living standards and working conditions for the mass of the people. To reduce disparities in income and wealth, to prevent private monopoly and concentration of economic power.

Industrial Policy of February 2, 1973 remained valid, but certain structural distortions were crept in the system. It provided closer interaction between the agriculture and industrial sector. Special legislation was proposed to protect cottage and small scale industries. Industrial Policy of December 23, 1977 highlights on producing inputs needed by a large number of small scale units and making adequate marketing arrangements. To boost the development of small scale
industries, the investment limit was enhanced and emphasized their dispersal in small towns and rural areas. The District Industrial Centre (DIC) and Tine Industrial Sector were established. Industrial Policy of July 1980 was based on industrial policy of 1956. It emphasized on optimum utilization of installed capacity, high productivity, higher employment generation, promotion to export oriented industries, consumer protection against high prices and bad quality, reducing regional imbalance, increasing agro based industries. Industrial Policy of July 23, 1991 committed to development and utilization in indigenous capabilities in technology and manufacturing as well as the upgradation to world standard, through investment in R & D i.e bringing new technology, dismantling of the regulatory system, development of the capital markets and increasing competitiveness for the benefit of the common man, encouragement of entrepreneurship development programmes to motivate young generations and skill improvement of the first generation entrepreneurs, conducive environment for women entrepreneurship.

1.9.5 CHAPTER V : Business Performance of Small Scale Entrepreneurs in Solapur District - The chapter V is associated with the field survey and case study of the Entrepreneurs in Solapur District the random sample was selected for the field survey. Thirty questioners were filled by asking various questions from different entrepreneurs and 200 questionnaires were filled by asking various questions to the consumers. All the eleven talukas were taken into consideration for the purpose. North Solapur taluka consist of Solapur City. Hence the maximum interviews were asked from the various entrepreneurs. This is also because of highest workers or entrepreneurs are found in North Solapur taluka. Similarly the percentage of the entrepreneurs was also highest par for North Solapur taluka it was followed by Mohol taluka due to close proximity, the commuters prefer to serve in different entrepreneurship. There are varieties of products, which are consumable and ancillary in the small scale business i.e. edible products to engineering. The most up-coming industry is engineering and next to it is solar electronics and polymer products. Agro based industries like Tamarind seed Power mills are developed in Barshi taluka. Whereas Ground- nut extraction mills are developed in North Solapur respectively most of the products are sold in the Local market, Regional and National level markets. Even few products are sold in other countries i.e. Tamarind powder, Towel and Napkins, casting of piston etc
1.9.6 CHAPTER VI: Summery, Conclusion and Recommendation –

Chapter VI consists of the Summary of Findings, conclusions and suggestions for the improvement of Solapur district.

1.10 Conclusion

Main conclusions of the present work are as under:

1) The small scale industries are developing with increasing number in North Solapur and Mohol talukas.

2) The majority of the sampled respondents are in the age group of 36 to 55 years. It means that they are mature enough and well experienced. They gained experience in other industries before setting up their own business.

3) Majority entrepreneurs are well educated and it is good sign that educated people are attracted to the industrial sector rather than service.

4) Female entrepreneurs are comparatively involved less in manufacturing business than male entrepreneurs. Because there is more risk and uncertainty in manufacturing business and they are financially weak. So, female entrepreneurs prefer service sector rather than manufacturing sector.

5) It is found that majority entrepreneurs have taken experience in the manufacturing business by their friend, relatives or family members.

6) Family environment is more important in the Indian Social System. In India some castes have their predominance in business. In Solapur district the textile industries and oil mills are ran by a particularly community like Telgu Sali and Lingayat Teli. But, now apart from this some industries are developed by the entrepreneurs with self interest and qualification.

7) There is difference in the annual income of the entrepreneurs, with the difference in the type of production. But all the entrepreneurs are satisfied with the income which they receive.
8) The production is done not only with labour intensive or capital intensive method but also with knowledge based technology like Solar electronic equipments which is also known as ‘Green Technology’.

9) The maximum entrepreneurs of small scale industries have made total investment between 25 lakh to 1 crore rupees in Solapur District.

10) There is no similarity in the turnover between the different products manufacturing in the Solapur district due to limited marketing.

11) There are consumable as well as ancillary industries more in small scale business.

12) There were variety of products which are produced in small scale business because the market pattern is changing with the liking of the people due to increase in an income and Globalization.

1.11 Recommendation

Some suggestions are given for the overall development of Solapur District. These measures can solve the problems of the entrepreneurs and will make it enable to improve the condition of Solapur District.

1) There is wide scope to develop these industries in the remaining talukas like Mangalwedha, Malshiras, Akkalkot and Karmala.

2) If the age group is brought to 30-45 years, it will be very productive for the society as the energy level is very high and job opportunities can be increased.

3) With the proper education skills and knowledge, the resources can be utilized optimally and so the proper training of using capital is necessary to the entrepreneurs.

4) Yet, the Indian culture is male dominant, female takes back seat in the decision making in any kind of work. Hence, it is necessary to change the mindset of the people and making women financially and morally strong.

5) Before starting the business it is very important to have some experience, so that the contingency can be faced easily by the entrepreneurs.
6) With the changing scenario the percentage of women entrepreneurs should be increased because now social situation has been changed. Girls are taking education and they have become conscious about their future progress. Hence, Govt. should take initiative to start BBA and MBA Colleges in the District.

7) The economy can develop rapidly by the job creators than the job seeker. Hence, Government should create healthy atmosphere to attract educated unemployed to increase the entrepreneurial development of Solapur district which will help to improve the standard of living of the people.

8) While producing the commodities new technology machinery reduces the cost of production. The new machinery should be used instead of old machinery which consumes less electricity. Hence, Government should provide incentives to purchase new machinery.

9) As the investment is not huge in Small Scale Industry, the successful entrepreneurs from Micro industries should come forward and enter in small scale industry.

10) To increase the turnover entrepreneurs should give more emphasis on marketing in different areas or regions.

11) As small scale industries are core industries for Medium and Large industries, even it can satisfy all wants of consumers. There is wide scope for the production in this sector to the new entrepreneurs.

12) With the innovative ideas and improved techniques the small scale entrepreneurs can capture the market for his products.

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